# CHAPTER IV

# RESEARCH'S RESULT AND DISCUSSION

## A. Object's General Discussion / Research Subject

1. Place and Research Time

This research was conducted on auditor who working on Public Accountant Firm (KAP) in Surabaya, Malang, Semarang, and Yogyakarta area that listed on OJK website. Auditors who participated in this study include internship, partners, junior auditor, senior auditor, and partners. The distribution of questionnaires was on 8 Public Accountant Firm with a total of 35 questionnaires distributed. The questionnaire was distributed on 1 March 2019, questionnaire was taken on 9 April 2019.

Based on OJK version of 2019 Public Accountant Firm (KAP) list obtained through OJK website, registered 3 KAP in Surabaya, 3 KAP in Malang, 1 KAP in Semarang, and 1 KAP in Yogyakarta which can be used as object of research. Total samples obtained are 36 auditors from total populations. The data is obtained through distributed and collected questionnaire to respondents in 8 KAP randomly selected. A distributed questionnaire map is described in table 4.1 as follow:

**Table 4.1**

**Data of Research Sample Distribution**

| No. | Name of Public Accountant Firm (KAP) | Questionnaire distributed | Questionnaire Collected |
|---|---|---|---|
| **KAP in Surabaya** | | | |
| 1 | Habib Basuni & Heryadi | 5 | 4 |
| 2 | Buntaran & Lisawati | 6 | 5 |
| 3 | Drs. Arief P.H | 5 | 5 |
| **KAP in Malang** | | | |
| 4 | Drs. Nasikin | 5 | 5 |
| 5 | Made Sudarma, Thomas & Dewi | 5 | 5 |
| 6 | Dwikora Hari Prianto | 5 | 4 |
| **KAP in Semarang** | | | |
| 7 | Tribowo Yulianti | 5 | 5 |
| **KAP in Yogyakarta** | | | |
| 8 | Drs. Bismar, Muntalib & Yunus | 4 | 3 |
| **Total** | | 41 | 36 |

Source: Processed primary data, 2019.

A summary of returned questionnaire can be seen in table 4.2 as follows:

**Table 4.2**

**Questionnaire Returning Level**

| Questionnaire | Total | Percentage |
|---|---|---|
| Distributed questionnaire | 41 | 100% |
| Didn't returned questionnaire | 5 | 12% |
| Returned questionnaire | 36 | 88% |
| Unprocessed questionnaire | 1 | 2% |
| Processed questionnaire | 35 | 85% |

Source: Processed primary data, 2019.

Based on table 4.2, it can be seen that the questionnaire is spread out with the total are 56 questionnaires. Questionnaires that did not return were 5 questionnaires or 12%, so the questionnaire returned as many as 36 questionnaires or 88%. Questionnaire that cannot be

processed due to incompleteness of the answers were 1 questionnaire or 2%, so the total questionnaire that can be processed is 35 questionnaires or 85%.

2. Descriptive Statistics of Respondent Demographics

The following table presents about the demographic data of respondents regarding general information determined, namely, gender, age, and position as follows:

a. Gender

Based on gender, the respondent can be classified in table 4.3 as follows:

**Table 4.3**

**Respondent Characteristic based on Gender**

| **No** | **Gender** | **Total** | **%** |
|---|---|---|---|
| 1 | Male | 24 | 69% |
| 2 | Female | 11 | 31% |
| **Total** | | 35 | 100% |

Source: Processed primary data, 2019.

Table 4.3 shows that male respondents are 24 respondents or 69% of the total respondents, while women respondents are 11 respondents or 31% of the total respondents. This shows that the respondents in this study were dominated by male auditors.

b. Age

Based on age, the respondent can be classified in table 4.4 as follows:

**Table 4.4**

**Respondent Characteristic based on Age**

| No | Age | Total | % |
|---|---|---|---|
| 1 | Less than 30 years old | 29 | 83% |
| 2 | 31 – 40 years old | 6 | 17% |
| 3 | 41 – 50 years old | 0 | 0% |
| 4 | More than 50 years old | 0 | 0% |
| **Total** | | 35 | 100% |

Source: Processed primary data, 2019.

Table 4.4 shows that respondents were less than 30 years old as many as 29 auditors or 83%. Respondents with age around 31-40 years are 6 auditors or 1%, while respondents with age 41-50 year and respondents more than 50 years old do not exist or 0%. This shows that the study was dominated by auditors with age is less than 30 years old.

c. Position

Based on work's duration, the respondent can be classified in table 4.5 as follows:

**Table 4.5**

**Respondent Characteristic based on Position**

| No | Position | Total | % |
|---|---|---|---|
| 1 | Internship | 0 | 0% |
| 2 | Junior | 25 | 71% |
| 3 | Senior | 10 | 29% |
| 4 | Partner | 0 | 0% |
| **Total** | | 35 | 100% |

Source: Processed primary data, 2019.

Table 4.5 shows that respondents with junior positions auditors dominate the research subjects, namely as many as 25 auditors or 71% of the total respondents. Respondents with senior auditor positions are 10 auditors or 29%. Respondents with internship and partner are 0.

3. Descriptive Statistics of Research Variables

The results of research variable's descriptive statistical test can be described in table 4.6 are as follows:

**Table 4.6**

**Descriptive Statistics Test Results of Research Variables**

| **Descriptive Statistics** | | | | | |
|---|---|---|---|---|---|
| | N | Minimum | Maximum | Mean | Std. Deviation |
| Professionalism | 35 | 23.00 | 55.00 | 40.8286 | 6.02195 |
| Skepticism | 35 | 17.00 | 36.00 | 26.1429 | 3.70328 |
| Auditor's Experience | 35 | 5.00 | 12.00 | 7.4571 | 1.80429 |
| Level of Materiality | 35 | 19.00 | 42.00 | 32.3429 | 4.68378 |
| Valid N (listwise) | 35 | | | | |

Source: Processed primary data, 2019.

Based on table 4.6, descriptive statistical tests result can be explained as the total sample of professionalism variable is 35 with the standard deviation is 6,02 and for the mean is 40,82. Professionalism variable has minimum value about 23,00 and maximum value about 55,00. The total sample skepticism variable is 35 with the standard deviation is 3,70 and for the mean is 26,14. Skepticism variable has minimum value about 17,00 and maximum value about 36,00. The total sample of auditor's experience variable is 35 with the standard deviation is 1,80 and for the mean is 7,45. Auditor's experience variable has minimum value about 5,00 and maximum value about 12,00. And then, for the total sample of Level of Materiality variable is 35 with the standard deviation is 4,68 and for the mean is 32,34. Level of Materiality variable has minimum value about 19,00 and maximum value about 42,00.

## B. Instrument and Data Quality Test

1. Data Quality Test

   a. Validity Data Test

Validity testing can be tested using KMO value for each item. The instrument is declared valid if the sig. (2 Tailed) value > 0.4 and the value of KMO > 0.50. Validity test results each instrument is as follows:

1.) Professionalism

The results of the validity test of auditor's professionalism variable can be seen in following table 4.7

**Table 4.7**

**Validity Test Results of Auditor's Professionalism**

| Variable | Pearson Correlation | Sig. (2 Tailed) | Explanation |
|---|---|---|---|
| X1.1 | .681** | 0.000 | Valid |
| X1.2 | .738** | 0.000 | Valid |
| X1.3 | .665** | 0.000 | Valid |
| X1.4 | .656** | 0.000 | Valid |
| X1.5 | .613** | 0.000 | Valid |
| X1.6 | .732** | 0.000 | Valid |
| X1.7 | .670** | 0.000 | Valid |
| X1.8 | .629** | 0.000 | Valid |
| X1.9 | .696** | 0.000 | Valid |
| X1.10 | .572** | 0.000 | Valid |
| X1.11 | .408* | 0.000 | Valid |
| X1.12 | .598** | 0.000 | Valid |
| X1.13 | .665** | 0.000 | Valid |
| X1.14 | .747** | 0.000 | Valid |
| X1.15 | .691** | 0.000 | Valid |

Source: Processed primary data, 2019.

Table 4.7 above show that all items of independent variable which is auditor's professionalism variable have Pearson Correlation (r) with the total score is > 0,25 each variable. Because all items have total score more than 0,25, it means that fifteen items of professionalism variable measurement are valid and can be processed.

2.) Skepticism

The results of the validity test of the skepticism variable can be seen in following table 4.8:

**Table 4.8**

**Validity Test Results of Skepticism**

| Variable | Pearson Correlation | Sig. (2 Tailed) | Explanation |
|---|---|---|---|
| X2.1 | .724** | 0.000 | Valid |
| X2.2 | .678** | 0.000 | Valid |
| X2.3 | .696** | 0.000 | Valid |
| X2.4 | .564** | 0.000 | Valid |
| X2.5 | .623** | 0.000 | Valid |
| X2.6 | .591** | 0.000 | Valid |
| X2.7 | .658** | 0.000 | Valid |
| X2.8 | .721** | 0.000 | Valid |
| X2.9 | .715** | 0.000 | Valid |
| X2.10 | .622** | 0.000 | Valid |

Source: Processed primary data, 2019.

Table 4.8 above show that all items of independent variable which is skepticism variable have Pearson Correlation (r) with the total score is > 0,25 each variable. Because all items have total score more than 0,25, it means that ten items of skepticism variable measurement are valid. So the twelve items of variable measurement items are valid and data can be processed.

3.) Auditor's Experience

The results of the validity test of auditor's experience variable can be seen in following table 4.9:

**Table 4.9**

**Validity Test Results of Auditor's Experience**

| **Variable** | **Pearson Correlation** | **Sig. (2 Tailed)** | **Explanation** |
|---|---|---|---|
| X3.1 | .825** | 0.000 | Valid |
| X3.2 | .831** | 0.000 | Valid |
| X3.3 | .720** | 0.000 | Valid |

Source: Processed primary data, 2019.

Table 4.9 above show that all items of independent variable which is auditor's experience variable have Pearson Correlation (r) with the total score is > 0,25 each variable. Because all items have total score more than 0,25, it means that three items of auditor's experience variable measurement are valid and can be processed.

4.) Level of Materiality

The results of the validity test of level of materiality variable can be seen in following table 4.10:

**Table 4.10**

**Validity Test Results of Level of Materiality**

| Variable | Pearson Correlation | Sig. (2 Tailed) | Explanation |
|---|---|---|---|
| Y.1 | .644** | 0.000 | Valid |
| Y.2 | .548** | 0.000 | Valid |
| Y.3 | .699** | 0.000 | Valid |
| Y.4 | .636** | 0.000 | Valid |
| Y.5 | .721** | 0.000 | Valid |
| Y.6 | .720** | 0.000 | Valid |
| Y.7 | .607** | 0.000 | Valid |
| Y.8 | .520** | 0.000 | Valid |
| Y.9 | .695** | 0.000 | Valid |
| Y.10 | .611** | 0.000 | Valid |
| Y.11 | .715** | 0.000 | Valid |
| Y.12 | .699** | 0.000 | Valid |

Source: Processed primary data, 2019.

Table 4.10 above show that all items of dependent variable which is level of materiality variable have Pearson Correlation (r) with the total score is > 0,25 each variable. Because all items have total score more than 0,25, it means that twelve items of level of materiality variable measurement are valid and can be processed.

b. Reliability Data Test

Below is a table 4.11 of reliability test results for each variable by using the Cronbach's alpha coefficient in this research:

**Table 4.11**

**Reliability Test Results of All Variables**

| No | Variable | Cronbach's Alpha | Explanation |
|---|---|---|---|
| **1.** | **Auditor's Professionalism** | **.897** | **Reliable** |
| **2.** | **Skepticism** | **.851** | **Reliable** |
| **3.** | **Auditor's Experience** | **.685** | **Reliable** |
| **4.** | **Level of Materiality** | **.875** | **Reliable** |

Source: Processed primary data, 2019.

Based on table 4.11, Cronbach's alpha value on independent variable, which are auditor's professionalism, skepticism, and auditor's experience variable is > 0,60. And then, Cronbach's Alpha value on dependent variable which is level of materiality is also > 0,60. This shows that all variables have a fairly strong reliability, so that all variables can said to be reliable.

2. Classic Assumption Test

a. Normality Test

Below is a table 4.12, the table of normality test result using sig value from the *Kolmogorov Smirnov* statistical test result:

**Table 4.12**

**Normality Test Results**

| One-Sample Kolmogorov-Smirnov Test | | |
|---|---|---|
| | | Unstandardized Residual |
| N | | 35 |
| Normal Parameters[a,b] | Mean | .0000000 |
| | Std. Deviation | 2.81841230 |
| Most Extreme Differences | Absolute | .124 |
| | Positive | .124 |
| | Negative | -.091 |
| Test Statistic | | .124 |
| Asymp. Sig. (2-tailed) | | .193[c] |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |

Source: Processed primary data, 2019.

Normality test result on the table 4.12 show that the data has distributed normally because sig value of *Kolmogorov Smirnov* is 0,193 or 19,3% or > 0,05. It means that residual are normally distributed.

b. Multicollinearity Test

Below is a table of multicollinearity test results for each variable by using tolerance values and VIF from regression test in research:

**Table 4.13**

**Multicollinearity Test Results**

| Coefficients[a] | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Tolerance | VIF |
| 1 | (Constant) | .480 | 4.414 | | .109 | .914 | | |
| | Professionalism | .349 | .095 | .449 | 3.668 | .001 | .781 | 1.281 |
| | Skepticism | .453 | .148 | .358 | 3.057 | .005 | .849 | 1.177 |
| | Auditor's Experience | .773 | .294 | .298 | 2.630 | .013 | .912 | 1.097 |
| a. Dependent Variable: Level of Materiality | | | | | | | | |

Source: Processed primary data, 2019.

Based on table 4.13, the regression model does not contain multicollinearity if VIF value < 10 and Tolerance > 0.10. Based on table 4.12 all variables have VIF values < 10 and tolerance values > 0,10 it means that regression model are not contain multicollinearity between each independent variables.

c. Heteroscedasticity Test

Below is a table 4.14, the table of heteroscedasticity test results for each variable using significant values Glejser statistics.

**Table 4.14**

**Heteroscedasticity Test Results**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.868 | 2.647 | | 1.083 | .287 |
| | Professionalism | -.076 | .057 | -.257 | -1.325 | .195 |
| | Skepticism | .114 | .089 | .238 | 1.283 | .209 |
| | Auditor's Experience | -.081 | .176 | -.083 | -.461 | .648 |
| a. Dependent Variable: RES_2 | | | | | | |

Source: Processed primary data, 2019.

Based on the heteroscedasticity test results in table 4.14, all the independent variable has a significant value of more than 0.05. It prove that the regression equation model does not obtain heteroscedasticity where the variance from one observation residual to other observations remain (homoscedasticity), so there are no significant relation between all items of independent variable due to residual absolute value and it can conclude that non-heteroscedasticity are completed.

## C. Research's Result (Hypothesis Test)

This study has 3 hypotheses tested using multiple linear regression analysis. The results of hypothesis testing are as follows:

### d) Determination Coefficient Test ($Adjusted\ R^2$)

The following table is determination coefficient's test results (*Adjusted R²):*

**Table 4.15**

**Determination Coefficient Test Results ($Adjusted\ R^2$)**

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .799[a] | .638 | .603 | 2.95164 |
| a. Predictors: (Constant), Auditor's Experience , Skepticism, Professionalism | | | | |
| b. Dependent Variable: Level of Materiality | | | | |

Source: Processed primary data, 2019.

Based on the table coefficient of determination test results ($Adjusted\ R^2$) on table 4.15, the Adjusted R Square value is 0,603, it means that the capability of independent variable in explaining dependent variable is 60,3%, on the other hand, the residual are explained by other variable which are not including in this research.

### e) Simultaneous Test (Test Value F)

If the results of F statistic test show the value of sig < alpha 0.05 then there is simultaneously effect between independent variables. Below is the table of simultaneous test results or F value test:

**Table 4.16**

**Simultaneous Test Results (Value F Test)**

| ANOVA[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
| 1 | Regression | 475.808 | 3 | 158.603 | 18.205 | .000[b] |
| | Residual | 270.077 | 31 | 8.712 | | |
| | Total | 745.886 | 34 | | | |
| a. Dependent Variable: Level of Materiality | | | | | | |
| b. Predictors: (Constant), Auditor's Experience , Skepticism, Professionalism | | | | | | |

Source: Processed primary data, 2019.

Based on simultaneously test results on the table 4.16, The F value is 18,205 with a significant probability of 0,000. Because probabilities are < 0.05, it means that the independent variables (professionalism, skepticism and auditor's experience) are simultaneously has a significant effect on the dependent variable (level of materiality)

**f) Partial Test (Value t Test)**

The t test statistic basically shows how far the effect of independent variable in explaining the dependent variable. Hypothesis said to be accepted if the significance probability value is < alpha 0.05 and regression coefficient have same direction with hypothesis.

**Table 4.17**

**Partial Test Results (Value Test t)**

| Coefficients[a] | | | | | | |
|---|---|---|---|---|---|---|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .480 | 4.414 | | .109 | .914 |
| | Professionalism | .349 | .095 | .449 | 3.668 | .001 |
| | Skepticism | .453 | .148 | .358 | 3.057 | .005 |
| | Auditor's Experience | .773 | .294 | .298 | 2.630 | .013 |
| a. Dependent Variable: Level of Materiality | | | | | | |

Source: Processed primary data, 2019.

Based on table 4.17, the regression equation formula is obtained multiple linear as follows:

$$Y = 0{,}480 + 0{,}349(X1) + 0{,}453(X2) + 0{,}773(X3) + e$$

Explanation:

Y = Level of Materiality

X1 = Professionalism

X2 = Skepticism

X3 = Auditor's Experience

e = Error

The results of partial testing for each independent variable due to dependent variable in table 4.17 can be described as following:

a. First Hypothesis Testing

First hypothesis testing ($\boldsymbol{H^1}$) in table 4.17 is concern about the effect of auditor's professionalism towards determining the level of materiality

indicates that the regression coefficient is 0.349 with significance value about 0.001 < alpha 0.05. It means that professionalism has positive significant effect towards determining the level of materiality. **Therefore, it can be concluded that the first hypothesis ($H^1$) is accepted.**

b. Second Hypothesis Testing

Second hypothesis testing ($H^2$) in table 4.17 is concern the effect of skepticism towards determining the level of materiality indicates that the regression coefficient is 0.453 with significance value about 0.005 < alpha 0.05. It means that skepticism has positive significant effect towards determining the level of materiality. **Therefore, it can be concluded that the second hypothesis ($H^2$) is accepted.**

c. Third Hypothesis Testing

Third hypothesis testing ($H^3$) in table 4.17 is concern the effect of auditor's experience towards determining the level of materiality indicates that the regression coefficient is 0.773 with significance value about 0.013 < alpha 0.05. It means that auditor's experience has positive significant effect towards determining the level of materiality. **Therefore, it can be concluded that the third hypothesis ($H^3$) is accepted.**

## D. Implication

Based on the SPSS analysis results of respondent's answers using multiple linear regression statistical test, the summary of hypothesis 1 through 3 are as follows:

**Table 4.18**

**Research Hypothesis Summary Results**

| Hypothesis | Result |
|---|---|
| ***H*[1]:** Auditor's Professionalism has positive significant effect towards Determining the Level of Materiality on Auditing Process | Accepted |
| ***H*[2]:** Skepticism has positive significant effect towards Determining the Level of Materiality on Auditing Process | Accepted |
| ***H*[3]:** Auditor's Experience has positive significant effect towards Determining the Level of Materiality on Auditing Process | Accepted |

Source: Processed primary data, 2019.

Based on table 4.18, the research results can be interpreted as follows:

1. The Effect of Auditor's Professionalism towards Determining the Level of Materiality on Auditing Process

   The $H^1$ hypothesis states that auditor's professionalism has positive significant effect towards determining the level of materiality on auditing process. The hypothesis test results shows that the professionalism variable has positive significant effect towards determining the level of materiality. Then, it can be said that $H^1$ hypothesis is accepted. Professionalism in a job is very important because professionalism is related to public trust for quality of services provided by the profession. If service users do not have confidence in auditor towards determining the level of materiality, professional ability provide services for clients and the

community effectively will decrease. Besides that, reading publications or journals about auditing and participating in auditor meeting, indirectly will increase the auditor's ability to determine the level materiality because with those activity it can gain knowledge about materiality through journals or exchange ideas with other auditors. And then with its responsibility to the public, a sense of dedication to his job, auditor's independent nature and confidence in professional regulations, will make the auditor more careful in determining the level of materiality on auditing process. It supported with the research conducted by Muhammad (2013) and Putra (2015) stated that professionalism has significant effect towards determining the level of materiality.

2. The Effect of Skepticism towards Determining the Level of Materiality on Auditing Process

The $H^2$ hypothesis states that skepticism has positive significant effect towards determining the level of materiality on auditing process. The hypothesis test result shows that skepticism variable has positive significant effect towards determining the level of materiality. Then, it can be said that $H^2$ hypothesis is accepted. Thus the results of this study are consistent with the research conducted by Wibowo (2013) and Simorangkir (2012) which states that skepticism has a positive significant effect towards determining the level of materiality. An auditor is required to be skepticism and used it carefully, because auditor's accuracy will increase in giving opinion. Auditor's opinion must be supported by

adequate competent audit evidence, where in obtaining audit evidence, auditor must always use his skepticism and always has questions mind and conducts a critical evaluation of audit to obtain evidence.

3. The Effect of Auditor's Experience towards Determining the Level of Materiality on Auditing Process

The $H^3$ hypothesis states that auditor's experience has positive significant effect towards determining the level of materiality on auditing process. The hypothesis test result shows that auditor's experience variable has positive significant effect towards determining the level of materiality. Then, it can be said that $H^3$ hypothesis is accepted. An auditors who has different experiences, will different in looking and responding to information obtained during the examination and also in concluding audit's object. A lot of auditor experience, then level of materiality determined in the company's financial statements will be more appropriate. In addition, the higher level of experience on auditor, the more point of view and responses to information contained within financial statements, because auditor has done a lot of work or have examined many financial statements of various types of industries. According to Sujana and Indira (2014) and Ritio (2018) stated that when auditor has more experience, it will be produce more knowledge in determining the level of materiality.